

THE COMMONWEALTH OF MASSACHUSETTS

Public Employee Retirement Administration Commission
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M E M O R A N D U M

TO: All Retirement Boards

FROM: Robert F. Stalnaker, Executive Director

RE: Implementation of the Tobacco Statute

DATE: December 18, 1997

On October 22, 1997 PERAC MEMO #37/1997 informed you of the adoption of Chapter 119 of the Acts of 1997. That statute prohibits retirement systems from making any new investments in stocks, securities, or other obligations of any company which derives more than 15% of its revenue from the sale of tobacco products. The legislation takes effect on January 13, 1998.

As stated in that MEMO, PERAC is issuing these guidelines for implementation of Chapter 119:

1. PERAC will develop a list of companies the securities of which may not be purchased by retirement boards and disseminate that list to the boards. The first such list is attached. This list is effective January 13, 1998. Please forward it to your investment advisers. PERAC will provide updates of the list to you as warranted.
2. As part of its audit process, PERAC will assess the portfolio of each board to determine compliance. That review will determine if the board, after January 13, 1998, has purchased stock, securities, or other obligations of any company which derives more than 15% of its revenue from the sale of tobacco products.
3. In the event a portfolio is not in compliance, the board must bring the portfolio into compliance by divesting in a prudent manner. Prior to taking any action, the board shall consult with PERAC.
4. In applying the statute to pooled funds, PERAC will assess the 15% rule against the entire pool as the board is purchasing shares in the pool not the individual holdings of the pool. Thus a pooled fund, if in violation of this standard, will be included on the PERAC List.

I hope this is helpful to you as we move forward to implement this new statute.

PERAC TOBACCO COMPANY LIST

JANUARY 13, 1998

Pursuant to Chapter 119 of the Acts of 1997, the following is a list of tobacco companies in which the retirement systems are prohibited from making new investments in the stocks, securities or other obligations. The effective date of this legislation and thus this prohibition is January 13, 1998. In accordance with the policy adopted by the Public Employee Retirement Administration Commission, so called pooled funds (e.g. mutual funds, commingled funds, group trusts, real estate funds, limited partnerships, and venture capital investments) will be included on this list if 15% or more of the revenue generated by companies in the fund is derived from the sale of tobacco products.

<u>COMPANY</u>	<u>COUNTRY</u>
800-HR CIGAR, Inc.	United States
Brooke Group, Ltd.	United States
Caribbean Cigar Company	United States
Consolidated Cigar Holdings, Inc.	United States
Dimon Inc.	United States
General Cigar Holdings, Inc.	United States
Havana Republic, Inc.	United States
Holts Cigar Holdings	United States
Mafco Consolidated Group Inc.	United States
Philip Morris Companies Inc.	United States
Premium Cigars International Ltd.	United States
RJR Nabisco Holdings	United States
Schweitzer-Mauduit International, Inc.	United States
Southland Corporation	United States
Standard Commercial Corporation	United States
Swisher International Group Inc.	United States
Tamboril Cigar Company	United States
Universal Corp.	United States
UST Inc.	United States
Massalin Particulares SA	Argentina
Nobleza-Piccardo SA	Argentina
Rothmans Holdings Ltd.	Australia
Wills Holdings Ltd., W.D. & H.O.	Australia
Austria Tabakwerke AG	Austria

COMPANY**COUNTRY**

Souza Cruz SA

Brazil

Imasco Ltd

Canada

Compania Chilena de Tabacos

Chile

Compania Colombiana de Tabaco SA

Colombia

Skandinavisk Tobakskompagni A/S

Denmark

Eastern Tobacco

Egypt

Bollore Technologies

France

Eridania Beghin-Say, SA

France

Seita SA

France

Karelia Tobacco Co. SA

Greece

Keranis Cigarette Company

Greece

Papastratos Cigarette SA

Greece

Godfrey Phillips India Ltd.

India

GTC Industries Ltd.

India

I.T.C. Ltd.

India

VST Industries Ltd.

India

B.A.T. Indonesia, PT

Indonesia

HM Sampoerna

Indonesia

Perusahaan Rokok Tjap "Gudang Garam" PT

Indonesia

Japan Tobacco Inc.

Japan

B.A.T. Kenya Ltd.

Kenya

Malaysian Tobacco Co. Bhd

Malaysia

RJ Reynolds Bhd

Malaysia

Rothman's of Pall Mall (Malaysia) Bhd

Malaysia

Empresas la Moderna, SA de CV

Mexico

Nigerian Tobacco Plc

Nigeria

COMPANY**COUNTRY**

Lakson Tobacco Co. Ltd
Pakistan Tobacco Co. Ltd.

Pakistan
Pakistan

Tabacalera Nacional SA

Peru

Phillipine Tobacco Flue Curing & Redrying Corp.

Philippines

Empresa Madeirense de Tabacos SA

Portugal

Rothmans Industries, Ltd.

Singapore

Distillers Corporation
KWV Investments
Rembrandt Controlling Investments
Rembrandt Group Ltd.
Stellenbosch Farmer's Winery Group Ltd.
Technical & Industrial Investments Ltd.
Technical Investment Corporation
Utico Holdings Ltd.

South Africa
South Africa
South Africa
South Africa
South Africa
South Africa
South Africa
South Africa

Tabacalera, SA

Spain

Swedish Match

Sweden

Compagnie Financiere Richemont AG

Switzerland

West Indian Tobacco Company Ltd. (The)

Trinidad & Tobago

Birluk Tutun Pamuk Gida Madderli

Turkey

B.A.T. Industries Plc
Gallaher
Imperial Tobacco Plc

United Kingdom
United Kingdom
United Kingdom

Rothmans of Pall Mall (Zambia) Ltd.

Zambia

B.A.T. Zimbabwe Ltd.
Rothman's of Pall Mall (Zimbabwe) Ltd.

Zimbabwe
Zimbabwe